

Li & Fung Announces 2015 Interim Results

- Turnover resilient despite deflationary environment and European currencies depreciation
- Core customers continue to grow and business foundation is solid with strong pipeline for new business
- Macro environment and global retail disruption present a mix of challenges and opportunities
- Core operating profit impacted by annualization of operating costs associated with investments
- Strong growth in Logistics business and Vendor Support Services (VSS) ahead of plan

Hong Kong, 20 August 2015 – Li & Fung Limited (“Li & Fung,” “the Group,” or “the Company,” SEHK: 494), the world’s leader in consumer goods design, development, sourcing and logistics, today announced its interim results for the six months ended 30 June 2015.

For the first half of 2015, the Company reported results which reflect the ongoing weak macroeconomic conditions as well as disruptions at global retail. Despite tough headwinds, including downward pressures from the deflationary environment and European currencies depreciation, the Company preserved its top line growth with both core trading customers and ongoing strong performance in the logistics business. Continued margin pressure and annualized costs associated with investments made in the second half of 2014 impacted core operating profit for the first half of 2015. This overall performance was in line with the Company’s expectations.

William Fung, Group Chairman of Li & Fung, said “Despite challenging macroeconomic conditions, turnover remained steady in the first half of 2015 and business with our core customers grew. The foundation of our business remains solid. We are happy with the continued strong growth in our logistics business. The Vendor Support Services business announced in 2014, is ahead of plan. Hence, we are pleased to see that our investments made for this Three-Year Plan have begun to yield benefits.”

Total turnover had a slight decrease of 1% to US\$8,626 million. Turnover in the trading business decreased 2.5%, while the logistics business continued its high growth trajectory with turnover increasing by 36.3%.

Spencer Fung, Group Chief Executive Officer of Li & Fung, said “The emergence of e-commerce has created a new set of challenges for global brands and retailers. We believe omni-channel is the future of retailing success. Consumers are no longer limited by how, when and where they buy products. They are also demanding that these products are unique and sustainable. As a result, our customers require higher degrees of product differentiation to remain competitive than ever before.”

William Fung continued, “Additionally, the ongoing trend of lower value-added production moving out of China into less developed markets complicates our customers’ supply chains, disconnecting production from raw material infrastructure located in China. We are best positioned to manage this new complexity for our customers and suppliers with our new Vendor Support Services.”

Profit attributable to shareholders increased by 33.4% to US\$149 million due mainly to the impact on discontinued operations of Global Brands in 2014. Basic earnings per share was 13.8 HK cents (equivalent to 1.78 US cents), an increase from 10.4 HK cents (equivalent to 1.34 US cents) compared to the same period in 2014. Excluding the results from discontinued operations in 2014, our basic earnings per share would decrease from 19.6 HK cents (equivalent to 2.51 US cents) to 13.8 HK cents (equivalent to 1.78 US cents). The Board of Directors has resolved to declare the same interim dividend of 13 HK cents per share (2014 interim: 13 HK cents).

Spencer Fung concluded, “As we enter the second half of the year, our order book is solid and the pipeline of new business for both our trading and logistics businesses is strong. We are optimistic that through the remainder of the year key prospects will be converted into new business.”

“Looking at the larger picture it is important to note that we are currently in a period of transition as a company. We continue to invest for the long term to achieve our goals of building a sustainable enterprise and

helping our customers grow their business at a time when they are requiring and demanding more to help them stay competitive. We believe that by focusing on product expertise, applying innovation to design and development and continuing to build our multi-channel sourcing business model, we will be the company best positioned to help our customers succeed at a time when the global retail industry is evolving.”

For details of Li & Fung’s 2015 Interim Results, please refer to the announcement posted on the HKExnews website <http://www.hkexnews.hk/> and the Li & Fung website www.lifung.com.

– ends –

About Li & Fung Limited

Li & Fung (SEHK: 494), the Hong Kong-headquartered multinational group, is the world’s leader in consumer goods design, development, sourcing and logistics. It specializes in responsibly managing supply chains of high-volume, time-sensitive goods for leading retailers and brands worldwide, in more than 300 offices across 40 economies.

For more information, please visit www.lifung.com

Media contacts

Leo Wood, FTI Consulting, Inc.
Tel: +852 3768 4538
leo.wood@fticonsulting.com

Cora Wan, FTI Consulting, Inc.
Tel: 852 3768 4542
cora.wan@fticonsulting.com